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USDA FOR U/S PENN, A/U/S/ LAMBERT FAS/OA/YOST, ROBERTS,
FAS/CMP/DLP/HWETZEL, WRIGHT, MAGINNES
FAS/ITP FOR MIRALES, CHEN-MOULEC, SHEIKH, MACKE
FAS/CMP/HTP FOR SISSON, MCLEOD, RASMUSSEN
FAS/ICD/PETTRIE
DEPT PASS TO USDA/APHIS/PIM, FSIS
DEPT PASS USTR/OCONNER, KATZ, BURST
GENEVA FOR AG MIN COUNSELOR MILLER
MANILA FOR APHIS/DOS SANTOS
BANGKOK FOR APHIS/CARDENAS

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SUBJECT: AMBASSADOR MEETS AG MINISTER TO DISCUSS MARKET
ACCESS FOR U.S. FRUIT

¶1. (SBU) Summary. Ambassador Pascoe accompanied by Ag Counselor called on Minister of Agriculture Anton Apriyantono on July 12. The lead topic for discussion was technical market access barriers for US fresh fruit, especially grapes and apples. In addition, the Ambassador also raised market access for US beef and Avian Influenza (AI). End Summary

The Thrust.

¶2. (SBU) In a meeting July 12 with Minister of Agriculture Apriyantono, Ministry Quarantine Directorate General representatives Syukur Iwantoro, Head of the Agricultural Quarantine Board Arfany Bastony and his technical staff Dwi Putra Setiawan, Ambassador Pascoe expressed his disappointment and concern with the lack of progress made on a number of market access barriers constraining US agricultural exports to Indonesia. The Ambassador noted that inappropriate import bans exist for US chicken products, beef and beef products, and now the GOI seems intent upon imposing yet another non-tariff barrier, unsupported by scientific analysis, on US fresh fruit. All of these actions appear to suggest a concerted attempt to shut off market access for US agricultural products, which comprise 1/3 of all US exports to Indonesia.

¶3. (U) In contradistinction, the US and Embassy/Jakarta staff have made crucial interventions on behalf of Indonesian exports to the US, and the Ambassador cited frozen shrimp as a prime example.

¶4. (SBU) The Ambassador noted particular US concern with Regulation 37, which has the prospect of severely curtailing US fresh fruit shipments, in particular grapes since the shipping season is ongoing, and apples in the near future. The Ambassador delivered a letter drawn from talking points supplied by USDA/APHIS (NB: Copies of this letter will be forwarded electronically to USDA). In the letter, the Ambassador requests recognition of the US fruit fly free

regions as previously explained to the Ministry, and requests immediate Agriculture Ministry approval of the use of Additional Declarations (ADs) as opposed to the treatments proposed in Regulation 37 for US fresh fruit exported to Indonesia.

And the Parry.

15. (SBU) Minister Apriyantono replied that the Ambassador's assertion that the GOI was working to limit US agricultural exports to Indonesia was "not entirely true." In fact he noted that the Government of Indonesia (GOI) is about to lift the ban on US beef and beef products, a consequence of the second case of BSE in the US over a year ago. He stated that the Ministry will look at beef exports on a "zonal basis." In addition, he stated that Meat and Bone Meal (MBM) imports from the US would be allowed under the new regime, initially apparently for only one firm that he mentioned by name - Baker Commodities. (Comment: It is unclear at this point how the Ministry will implement its "zonal basis" beef import regulation. In any case, the Ministry has informed us that it will notify the change in import regime to the WTO. Word on the street is that this notification is imminent. End Comment.)

Regulation 37 and the Technical Issues

16. (U) Minister Apriyantono said that the imposition of Regulation 37 applies to all countries and is a "normal process." He turned the technical discussion over to his technical staff, who raised the following issues:

a)How is it that the Eastern Cherry Fruit Fly (*Rhagoletis cingulata*) does not exist in the cherry producing regions in the western US which supply product for export to Indonesia?

b)Quarantine officials, who have been provided a wealth of data regarding the fruit fly free regions of the US, the existence or non-existence of various species in the US, and the US fruit fly free standards in three previous meetings and via correspondence, asked for "additional information" regarding fruit fly free regions in the U.S. When questioned by Ag Counselor as to exactly what additional information was required, the answer was inchoate - just "more scientific information".

c)Quarantine officials raised concerns regarding the possible immigration of apple maggot to areas currently free in close proximity to those now infested.

d)Quarantine officials asked that these data be provided, and after review they would decide upon the fruit fly free status of these areas in the US.

e)For the first time in these ongoing discussions, the possibility of a "site visit" by Quarantine was mentioned.

17. (SBU) The Ambassador and Ag Counselor noted the US has supplied virtually all data requested by Ministry officials via correspondence, in meetings or via the USDA.GOV web site. They strongly encouraged the Quarantine official to act promptly to avoid the closing down of the Indonesian market for grapes, which are now entering the shipping season, and for all other fresh fruit from the US.

The Red Herring...

18. (SBU) The Head of the Quarantine Board then raise the issue of the Food and Drug Administration (FDA) Automatic Detention for Indonesian-origin cocoa beans. He noted that the issue has been going on for at least five years. This

is a long-standing issue; the FDA website notes that Automatic Detention was first imposed on Indonesian cocoa beans in the early 1990s. (Comment: FDA is prepared to remove Indonesia's cocoa exporters from the list as soon as they cease shipping insect infested cocoa to the US. The Ministries of Agriculture, Trade and Foreign Affairs have all been involved in this issue and understand it well. This is a red herring. We are sending them a letter one more time explaining the U.S. position.) End Comment.

Avian Influenza Redux

¶9. (SBU) The final issue discussed in the meeting, was Avian Influenza (AI). The Ambassador noted the rising level of concern from international experts and from US officials regarding the apparent inability of Indonesia to contain the virus in its poultry sector. Minister Apriyantono replied that he was informed that international experts at a recent WHO/FAO conference in Jakarta (to which the Minister was invited but did not attend) had concluded that Indonesia was on the "right track" and that there was in this case a "serious distortion of information" regarding Indonesia's efforts on the animal health side. He further noted the "complexity of Indonesia" with respect to controlling AI, in particular the fact that 30 million Indonesians keep backyard chickens. The Ambassador reiterated his concern about the course of AI in poultry populations, and noted that other countries with complex poultry industries such as Thailand, Vietnam and Turkey have implemented effective AI counter-measures. (Comment: July 12 press reports quoted Apriyantono as saying he had fired the Director for Animal Health in his Ministry for "poor performance" on combating

AI. This casts doubt on the notion of being on the "right track", but also makes the Minister appear more engaged than he is in the AI issue. End Comment.)

¶10. (SBU) Comment. Embassy/Jakarta appreciates the rapid response overnight by FAS and APHIS to provide the most recent letter to Syukur Iwantoro, Head of the Agricultural Quarantine Board, which was delivered this morning. We encourage USDA agencies and others to continue to press the GOI on the issue of market access for US fresh fruit. We will continue to do so from this end as well. While the overall tone of this meeting was amiable, it is no surprise that the Minister would reply "not entirely true" when queried about the general protectionist thrust of his Ministry's trade policy. The apparent reality is that it is "mostly true". Fully one third of our exports to Indonesia are typically in the food and agriculture domain, roughly \$1 billion annually. Beating back the Ministry of Agriculture's (not so) latent protectionism will require concerted efforts, and most likely the continued expression of our interests frequently, and at all levels. We sent copies of the letter to Minister Apriyantono to the Minister of Trade and to his superior, the Coordinating Minister for Economic Affairs. End Comment.

PASCOE